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<b>TRANSMITTAL FORM</b>  (to be used for all correspondence after initial filing)	Application Number	08/581,992	
	Filing Date	01/02/1996	
	First Named Inventor	Frank J. Pellegrino	
	Art Unit	2763	
	Examiner Name	H. Kazimi	
Total Number of Pages in This Submission	28	Attorney Docket Number	

ENCLOSURES (Check all that apply)		
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## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Group Art Unit: 3691 )  
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Serial No.: 08/581,992 )  
)  
Examiner: Kazimi, Hani M. )  
)  
Inventor: Pellegrino et al )  
)  
Filed: 01/02/1996 )  
)  
Title: *Method For Determining The* )  
*Risk Associated With* )  
*Licensing Or Enforcing* )  
*Intellectual Property* )  
\_\_\_\_\_ )

### APPEAL BRIEF

Mail Stop Appeal Brief – Patents  
Commissioner for Patents  
PO Box 1450  
Alexandria, VA 22313-1450

#### I) Real Party In Interest

The co-inventor Frank J. Pellegrino has assigned his interest to co-inventor Robert W. Fletcher. The real party in interest is Robert W. Fletcher who has a principal place of business at 9720 Bunsen Parkway, Louisville, KY 40299.

#### II) Related Appeals and Interferences

A previous appeal of this application, No. 08/581,992 identified as Appeal No. 2001-0957 was decided and mailed 10/10/2002. There are no other related Appeals or Interferences for the above identified Application for Letters Patent.

#### III) Status of Claims

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Claims 1-18 are rejected. Claims 1-18 are pending. Claims 1-18 are appealed.

#### **IV) Status of Amendments**

No amendment has been filed subsequent to the final rejection of Claims 1-18.

#### **V) Summary of Claimed Subject Matter**

1. (Rejected) A process for evaluating the strength of a specific intellectual property for purposes of commercializing it [Page 5, lines 6-8] comprising the steps of:
  - a) interacting with a computer (Page 5, lines 12-13);
  - b) entering data from one or more sources including from a complete set of pre-selected tasks (Page 26, lines 14-16; Pages 27 and 28; Figure 1, box 1) and from a questionnaire (Page 5, lines 14-15); into said computer, said computer having been pre-programmed such that said data is organized by one or more predetermined risk factors (Page 12, lines 7-21; Pages 13-18) grouped into categories (Figure I, Steps 1 and 2);
  - c) evaluating the data by comparing each risk factor and each category to a preset standard (Page 7, lines 4-14);
  - d) computing a score by transforming said data into a composite score which represents a relative degree of strength (Page 7, lines 17-20; Figure 1, step 3) associated with any undertaking to commercialize said intellectual property;
2. (Rejected) The process of Claim 1 wherein entering of the data into the computer is done via telephone from a location other than the location having the computer [Page 6, lines 7-9].
3. (Rejected) The process of Claim 1 wherein the predetermined risk factors are grouped into categories selected from the categories of subjects comprising: Technical Orientation [Page 27, line 1], Technical Review [Page 27, line 4], Preliminary Assessment [Page 27, line 9], Patent Study [Page 27, line 12], Market Identification [Page 27, line 17], and Analysis [Page 27, line 17], Industry Intelligence [Page 27, line 21], Cost/Benefit Analysis [Page 28, line 2], Marketing/Licensing Assessment [Page 28, line 5] and Licensing/Enforcement [Page 28, line 10].
4. (Rejected) The process of Claim 3 wherein transforming said data is achieved by calculating a category score for each category [Page 6, lines 1-3].
5. (Rejected) The process of Claim 4 wherein each category score is weighted [Page 6, lines 3-4; Figure 1, step 2] and combined with other category scores and used to modify a primary risk indicia to calculate said composite score [Page 25, lines 8-13; Figure 1, step 3].
6. (Rejected) The process of Claim 5 wherein the composite score is modified by a moral hazard factor to calculate a probable success factor [Page 16, lines 4-8; Figure 1, step 4].
7. (Rejected) The process of Claim 6 wherein the probable success factor is multiplied in a post-computer step by projected recoveries to determine the

- net recovery from commercializing the intellectual property [Page 22, lines 6-9; Figure 1, step 5].
8. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a patent [Page 6, lines 19-22, Page 22, lines 17-19].
  9. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a trademark [Page 6, lines 19-22; Page 7, lines 1-3; Page 22, lines 17-19].
  10. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a copyright [Page 6, lines 19-22; Page 7, lines 1-3; Page 22, lines 17-19].
  11. (Rejected) A process for determining the probable success of a lawsuit [Page 5, lines 6-12] comprising the steps of:
    - a) interacting with a pre-programmed computer [Page 5, lines 12-13];
    - b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire into said computer [Page 5, lines 12-18; Figure 1, data entering steps as shown; Page 20, lines 15-21], said computer having been pre-programmed [Page 5, line 14] such that said data is organized by pre-determined categories [Page 21, lines];
    - c) evaluating the data by comparing each category to a preset standard [Page 7, lines 4-10];
    - d) transforming said data into a composite score [Page 7, lines 15-17] which represents a relative degree of strength associated with the lawsuit [Page 25, lines 8-13];
    - e) using the composite score to determine a probable success factor for undertaking the lawsuit [Page 10, lines 4-8; Figure 1, step 4].
  12. (Rejected) The process of Claim 11 wherein the lawsuit is one involving intellectual property [Page 5, lines 6-12].
  13. (Rejected) The process of Claim 12 wherein the composite score is based upon an evaluation of one or more risk factors specific to the intellectual property upon which a suit is being brought [Page 10, lines 9-11].
  14. (Rejected) The process of Claim 12 wherein the composite score is a category score resulting from categorizing various risk factors into categories and determining a category score [Page 7, lines 15-19; Figure 1, steps 2 and 3].
  15. (Rejected) The process of Claim 14 wherein the category score is used to modify a primary risk indicia in determining a composite score [Page 25, lines 8-13; Figure 1, step 3].
  16. (Rejected) The process of Claim 15 wherein an adjustment for moral hazard is made to the composite score resulting in a probable success factor [Page 10, lines 4-8; Figure 1, step 3].
  17. (Rejected) The process of Claim 16 wherein the probable success factor is applied in a post-computer step to a projected recovery to determine the net recovery [Page 22, lines 6-9; Figure 1, step 5].

18. (Rejected) The process of Claim 14 wherein the determination of the category score is accomplished using at least one relative risk factor [Page 24, lines 17-22].
19. (Cancelled)

#### **VI) Grounds of Rejection to be Reviewed on Appeal**

- 1) Under 35 U.S.C. § 101, are claims 1-18 directed to non-statutory subject matter?
- 2) Under 35 U.S.C. § 112, first paragraph, do claims 1-18 contain subject matter which is not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention?

#### **VII) Argument**

- 1) Rejection under 35 USC § 101, claims 1-18.

The Examiner contends that claims 1-18 are unpatentable under 35 USC. § 101 [office action 04/09/2007, paragraph 5, referring to paragraph 5 in the office action identified as paper number 21 mailed July 1, 2003]. The Examiner contends that the “Claims 1-19[SIC] 18 do not produce a concrete result in the Method for Determining the Risk Associated with Licensing or Enforcing Intellectual Property”. The Examiner’s rejection is particularly perplexing since the almost exact claims 1-18 [subsequently amended by removing the phrase “completed by the owner of the intellectual property”] were reviewed by this board and found to be directed to statutory subject matter under 35 USC §101 [related Proceedings Appendix, Appeal No 2001-0957, decision on appeal mailed 10/10/2002].

- a) Under 35 USC § 101 the Examiner contends the claims do not encompass patentable subject matter in spite of the Board of Appeals ruling of October 10, 2002 to the contrary. The Examiner has taken the position that the Board of Appeals, in considering the same objections under section 101, erred in finding patentability under § 101 when it stated “The calculation of a score for determining probability of success in a lawsuit or for determining the relative strength of undertaking commercialization of an intellectual property is clearly a tangible, useful, and practical result, which is attained by the instant claimed invention.” [emphasis added; Appeal No 2001-0957, page 4, lines 15-19]

The Examiner asserts that the rejection now given in both the previous and present office actions under 35 USC § 101 is different than the

rejection presented to the Board of Appeals. Apparently the Examiner is suggesting that the State Street Bank<sup>1</sup> and AT&T vs. Excel Communications<sup>2</sup> cases give rise to two different types of rejections under 35 USC § 101. The first rejection that is possible under the cases, according to the Examiner, is that there must be a tangible, useful, and practical result as was indicated by the Board. However, the Examiner asserts that there must also be a “concrete result” and that the word practical does not equate to the word “concrete”, and that the Board failed to find patentability under the two pronged test, envisioned by the Examiner. In scrutinizing both the State Street Bank & AT&T cases, Applicant can not find any requirement or definition of what constitutes a “concrete result” nor can the Applicant find a discussion of “concreteness” in the Examiners last rejection.

In the Examiner’s office action, paper 21, of July 2, 2003 at page 4, line 17 the Examiner asserts “The definition of concrete is particular and specific, not general.” The Examiner then argues at lines 20 et. seq. “However, the disclosure is short on specifics as to explicitly how certain risk factors, cost factors, profit factors, and moral hazard factors are determined. In response the Applicant states that the risk factors, cost factors, and profit factors are taught to be the indicia used to facilitate the organization and interpretation of data as taught on page 5, lines 12-22 of the specification. The data in turn comes from a completed questionnaire as well as the results of a series of completed tasks, which tasks are set forth on pages 27 and 28 of the specification, and from other sources which are taught in Figure 1 as being from current litigation sources, from current PTO records and from Government and financial sources, for example Dunn & Bradstreet Financials, Standard & Poors Financials and Department for Labor Statistics.

The risk factors themselves are listed in detail on pages 12 through 18 of the specification. Further, at page 7, lines 4 through 14 of the specification it is taught that a standard, or a mean, or an average can be calculated vis-à-vis the data included in each risk factor database, and then the significance of the risk factor can be expressed in relative terms, in other words relative to the mean or average. It is further taught in the specification at page 7, lines 11-13 that...”the weight given to each [risk factor] is derived from estimates or actual experience gained through a test marketing program”.

The specification continues at page 8, lines 11 through 22 where it is taught that determination of the standard for risk factors can be

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<sup>1</sup> State Street Bank & Trust Co. v Signature Financial Group, Inc. 149 F 3d 1371; 4715 SPQ 2d 1599, (CAFC, 1992).

<sup>2</sup> At&T v Excel Communications, Inc. 172 F 3d 1352, 50 USPQ 2d 1447 (CAFC 1999).

accomplished by applying actual experience factors to calculate the standard. The standard may be for example a ratio derived from the number and/or outcome of the patent suits brought in certain circuit compared to the average number of patent suits brought in all circuits. Compiling the experience data enables one to establish a norm or an average for all circuits in general. It is taught lines 18-22 “Then an individual patent risk factor eg.. circuit of residence of possible infringers is compared to this average and the relative risk factor is obtained.”

Cost factors are more thoroughly addressed at page 11, lines 12 through 23 and at page 12, lines 1 & 2. In that regard items such as use of scarce raw materials, highly skilled labor, toxic or pollutant byproducts are all addressed and can contribute to higher costs therefore lessening the chances of a large monetary gain.

The moral hazard is addressed at page 9, lines 1 through 14 which teach that, “Upon enforcing sufficient numbers of patents it becomes possible to determine the adverse selection which applies to such patents. This degree of adverse selection is sometimes referred to as the moral hazard. Simply stated, the word hazard takes into account the fact that an intellectual property owner will have a greater propensity to enforce the given item of intellectual property under which he will receive the maximum return, perhaps even at the expense of enforcing a stronger intellectual property”. The experience gained will allow adjustment of the relative risk factor to adjust for this counter-intuitive act of enforcing a weaker patent versus a stronger patent. Such information leads to an adjusted or probable success factor which is important in accessing the risk of loss in any commercialization activity.

It is noteworthy that the Board’s decision was rendered in Applicant’s favor in spite of the fact that in his argument to the Board [Examiner’s Answer lines 9-14 at page 8,] the Examiner raised the issue of useful, concrete, and tangible results. And in fact argued at lines 19-20 of page 8 and lines 1-3 of page 9 “However there is no indication in the specification how the composite score is used to evaluate the strength of a specific intellectual property, nor how the probable success factor is used in undertaking a lawsuit, the actual step of evaluating the strength of an intellectual property using the score is not performed.” In spite of this strong advocacy for unpatentability, the Board nevertheless found patentable subject matter.

It appears that the Examiner has now rejected the claims under 35 USC § 112 and overlapped this rejection with the lack of

“concreteness” even though at page 6, lines 11-14 of his Answer he argued unsuccessfully to the Board that “In the State Street case the concrete, tangible, and useful result is allocating money to different funds. The present application performs mathematical calculations and provides a result (score) which is not used to perform any physical activity.” Clearly the opportunity to interpret the word “concrete” was before the Board and therefore it is logical to presume that if there were special significance to be attached to the work “concrete”, the Board would have chosen to attach that significance and reject the claims in a matter not inconsistent with the Examiner’s current position. The Board having chosen not to do so underscores the idea that there is no basis for the Examiners current unpatentability position under 35 USC § 101.

The Applicant has addressed above the only indication found either in the Examiner’s office actions or the State Street Bank and AT&T cases which, giving the Examiner the benefit of the doubt, bear on the word “concrete”. The Applicant believes that his comments address the foreseen shortfalls of “concreteness” as expressed in the office action of paper 21 and also believes this “concreteness” matter is more akin to the Examiners rejection of 35 USC § 112 discussed below. The Applicant therefore applies these same arguments in response to the Examiners 35 USC § 112 rejection, but for brevity includes them only once at this place in his Appeal Brief. The Applicant does not believe there is basis in the cases for such heavy emphasis on the work “concrete”. With all due respect, the Applicant maintains that the Board’s opinion is not fatally flawed and there exists patentable subject matter under 35 USC § 101 embraced by the claims.

## 2) Rejection under 35 USC § 112.

The Examiner contends that [office action mailed 04/09/2007 referring to paper 21, paragraph 7]:

- a) “In particular, the disclosure is nothing more than generalities as to various risks and assessing and categorizing various risk factors. Composite scores are adjusted by multiplying by a moral hazard factor in enforcing any given intellectual property. However, the disclosure is short on specifics as to explicitly how certain risk factors, cost factors, profit factors, and moral hazard factors are determined. Pages 12-18 of the specification list 100 different risk factors but there appears to be so many variables and subjective determinations to be made at each step of the calculation system. Furthermore, it is unclear from the disclosure how the computer would be programmed, without undue experimentation, to convert text and essay questions and responses into computer data and in order to take into account all of



these subjective risk factors which the calculation process appears to entail. Although the instant specification is replete with generalizations regarding the various factors to be taken into consideration, it is short on any specific direction or guidance as to actually gathering the necessary data, inputting the required data and programming a computer to achieve the desired results. Further, the specification lacks guidance as to how to use the score in representing a relative degree of strength associated with commercializing intellectual properties. There is no indication in the specification of how the composite score is used to evaluate the strength of a specific intellectual property nor how the probable success factor is used in undertaking a lawsuit, the actual step of evaluating the strength of an intellectual property using the score is not performed”.

- b) In response to the Examiner’s §112 rejection the Applicant directs the Board’s attention to the Examiner’s Answer on appeal [Examiner’s Answer] he states on page 7 “Here in the present application all the Applicant has disclosed is inputting pre-selected risk factors and corresponding scores adding them, weighting them, and summarily producing a composite score...he continues on page 8, line 4 ‘...data representing intellectual property risks is merely being added and multiplied...’. Apparently the Examiner now has taken the position that he does not know how the computer would be programmed and, in spite of the above mentioned teachings of the specification, it is unclear how to convert text and essay questions and responses into computer data in order to take into account the subjective risk factors which the calculation process appears to entail. It appears that for purposes of arguing against patentability under 35 USC § 101, the Examiner had a good grasp of the fundamentals which the computer was performing; however, in a turnabout for purposes of rejecting the claims under 35 USC § 112 the Examiner now appears to have no idea how to program the computer without undue experimentation.

The Applicant contends the Board was quite clear on this issue and resolved it in his favor by saying [Board Decision, page 4 lines 8-15] “Since the instant claims employ a programmed computer to calculate a score for determining a relative degree of strength associated with undertaking to commercialize intellectual property or for determining a probable success factor for undertaking a lawsuit we can not say any mathematical algorithm described by the instant claims is merely an abstract idea constituting disembodied concepts or truths that are not useful”. The Board continues at line 15 “The calculation of a score [clearly indicating the Board understands the calculations described by the claims] for determining probability of success in a lawsuit or determining the relative strength of undertaking commercialization of an intellectual property is clearly a tangible, useful, and practical result

which is attained by the instant claimed invention”. Note this statement also undermines the Examiner’s assertion that there is no indication in the specification of how the composite score is used to evaluate the strength of a specific intellectual property or how the probable success factor is used in undertaking a lawsuit. The Board has no problem in understanding the above issues which the Examiner which now contends are the basis for his § 112 rejection. The Applicant has made reference to US Patent 5,999,907 to Donner (cited by the Examiner) to point out that which is known to those skilled in the art i.e. how to assign a value to considerations or items (in Donner’s case a worth value for patents) which have been approximated using previously collected indicator values and ultimately manipulate them with a computer to compare them to a second portfolio of patents of known value.

The Examiner asserts that the Applicant has not addressed specific issues he has raised with respect to the § 112 rejection. First the Applicant contends that Section 112 does not require instructions on how to program a computer to establish the patentability of his invention. Programming computers to add, subtract, multiply, and divide as the Examiner has described the Applicant’s invention in his Examiner’s Answer [page 8 line 4] goes beyond the teachings required by 35 USC § 112. It is clearly explained how to convert text and essay questions and responses into data in the specification, at page 5 lines 12-22. The first step is entering data from a questionnaire completed by the owner of the intellectual property or on his behalf. The computer is preprogrammed such that the data is organized by predetermined risk factors relative to any given intellectual property [specification, page 11 lines 12-15] which list of factors is set forth at page 12 et. seq.

The data is then evaluated by comparing it to a preset standard for that risk factor in question and computing a score which represents a relative degree of strength associated with the specific intellectual property. It is explained at page 7 of the Specification at lines 7-15 that the standard is a mean or average of the data in each risk factor data base. The specific risk factor is then expressed in terms of a relative risk factor; in other words relative to the mean. It is elementary that a risk factor greater than the average bodes against investing in or bring a lawsuit on a patent. Even the Board had no difficulty in recognizing the value of the Applicant’s “score” as they referred to it. Consequently, the Applicant, with all due respect, disagrees with the Examiner’s assertion that there is no indication in the specification of how the composite score is used to evaluate the strength of a specific intellectual property. It appears intuitively obvious that when a risk factor score for a specific patent is twice as

high as for the average for that risk factor it bodes against commercializing or enforcing the patent in question.

- c) In an Office Action mailed 1/18/2006 the Examiner has acknowledged receipt of Applicant's submission of an Affidavit under Rule 132 establishing the level of competence of Applicant's peers (those skilled in the art) at the time of the invention in late 1995. See IX. Evidence Appendix, Rule 132 Affidavit. The Examiner then asserts that the affiant, Mr. Hardin, explained his own technique for assigning a range of values for each answer in a questionnaire, referring to line 3 of the Affidavit by Mr. Hardin. The Applicant respectfully submits that the Examiner's analysis of the Affidavit is flawed. Firstly, the Examiner admits that the Affidavit establishes a level of competence of Applicant's peers (those skilled in the art) at the time of the invention in late 1995.[See Evidence Appendix Affidavit of Mr. Steve Hardin] The Examiner is correct; Mr. Hardin does describe his own technique. However, at line eleven, Mr. Hardin explains, "These types of investigations and analysis were commonplace in late 1995, generally through pre-programmed computers..."

The sworn testimony of Mr. Hardin is that, "One skilled in the art would have known in 1995 how to program or operate a computer, pre-programmed with an EXCEL\* spreadsheet, to conduct the very steps that Applicant has conducted on his computer to carry out the invention.

The Examiner continues, "The question here is clearly not how to program a computer, it is how does the actual program or software that will be executed on a computer perform Applicant's invention." Applicant's invention is not "...the actual program or software..." Applicant's invention is set forth in claims 1-18 as a process for evaluating the strength of a specific Intellectual Property for purposes of commercializing it comprising the steps of:..."

The computer and its associated EXCEL spreadsheet is merely the means by which the process for "evaluating"... is performed. The Examiner is clearly asking the question, how does an EXCEL spreadsheet work in conjunction with a computer (read microprocessor) work. The Applicant respectfully reiterates that the inventive method comprises the steps of interacting with a computer which is pre-programmed; page 5, lines 13-15. Clearly, the Applicant is not required to teach how to program a computer nor teach how an EXCEL spreadsheet works in conjunction with a computer (microprocessor) to carry out the steps taught and claimed for "It is well known that a patent disclosure need not enable information within

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\* EXCEL is a registered trademark of Microsoft Corporation

the knowledge of an ordinary skilled artisan. Thus, a patent preferably omits from the disclosure any routine technology that is well known at the time of the application.” See *Hybritech, Inc. v. Monoclonal Antibodies, Inc.* 802 Fed. 2<sup>nd</sup> 1367, 138(Fed cir 1986).

The Examiner continues to raise the question in the Office Action of 1/18/2006, “...how does Applicant’s system convert text, essay questions and responses into computer data and how does it take into account all of these subjective risk factors which the calculation process appears to entail?” As stated previously, it is clearly explained how to convert text and essay questions and responses into data at page 5 lines 6-22 of the specification. The first step is entering data from a questionnaire completed by the owner of the Intellectual Property or on his behalf [See Figure 1 showing data entering]. The computer is pre-programmed such that the data is organized by pre-determined risk factors, which list of factors is set forth at page 12 et. seq.

The data is then evaluated by comparing it to a pre-set standard for that risk factor in question and computing a score which represents a relative degree of strength associated with the specific Intellectual Property [Specification page 7, lines 4-20]. It is explained at page 7 that a standard is a mean or average of the data in each risk factor data base. The specific risk factor is then expressed in terms of a relative risk factor; in other words, relative to the mean [Specification page 7, line 9]. It is elementary that a risk factor greater than the average bodes against investing in or bringing a lawsuit on a patent. Even the board had no difficulty in recognizing the value of Applicant’s “score”, as they referred to it. Consequently, the Applicant, with all due respect, disagrees with the Examiners assertion that there is no indication in the specification of how the composite score is used to evaluate the strength of a specific Intellectual Property.

Specifically, the specification itself clearly instructs one skilled in the art how to proceed to practice the claimed invention. On page 5 at lines 12-19, the instruction is given “The inventive method comprises the steps of interacting with a computer which is generally pre-programmed...The memory is programmed such that the data is organized by predetermined risk factors.” In January of 1996, one skilled in the art would quickly recognize that this step can be accomplished by using an EXCEL spreadsheet [disclosed in the Rule 132 Affidavit of Steve Hardin] and listing in columns the risk factors, selection of which is specific to the Intellectual Property in question. With respect to a product protected by a patent, it is taught in the Specification on page 11, at line 16 “...information concerning the

product maybe highly relevant, for example, perhaps the product uses scarce raw materials. 'One would conclude that scarce raw materials would be an impediment to large volume production and larger royalties. 'Similarly, the need for highly skilled labor would reduce the potential for large royalties and again would be a consideration in determining the relative risk. 'Also considerations such as any resulting toxic or pollutant materials as a by-product may be again a deterrent to going into production and therefore lessens the chances of a large monetary gain." Thus, Applicant has clearly instructed that one skilled in the art would consider those applicable risk factors from the list of 100 set forth and compile them using an EXCEL spreadsheet.

Having thus established the risk factors by considering those which are relevant to the product in question as instructed above, data is entered from a questionnaire [see lines 3 through 7 of the Hardin Affidavit] concerning the Intellectual Property or from the results of a series of completed tasks which tasks are set forth on pages 27 & 28 of the Specification, and from other sources which sources are specifically set forth in columnar form in Figure 1. The computer will sort the data entered and place it in the column under the risk factor heading to which it applies. The risk factors are then weighted, and, as taught in the Specification on page 7, lines 12 through 14, the weight given to each is derived from estimates or actual experience gained through a test marketing program.

In late 1995 one skilled in the art would recognize that to weight a risk factor one must compare it to some standard. The Applicant clearly instructs how to determine that standard in the Specification on page 8 at lines 11 et. seq. "The process of determining the standard...can be accomplished by applying actual experience factors to calculate the standard. 'Compiling this experience data enables one to establish a norm or an average...'Then an individual patent risk factor...is compared to this average and the relative [weighted] risk factor is obtained." The Affidavit further elucidates the method for determining standards and weight factors known at the time of the invention.

The Applicant's instructions are clear and unambiguous 1.) Look at the Intellectual Property to be evaluated, and identify the characteristics of the product defined and claimed. Select from the risk factors presented those which appear relevant (Specification page 11, line 16 et. seq.) 2.) Estimate a relative value for each risk factor, selected, or if available, use values from a questionnaire (Specification page 5, line 15 et. seq.). This second step would have been easily accomplished by one skilled in the art in late 1995, simply by selecting

a range of values for an example: from 1 to 5 or from 1 to 10 and assigning a number by estimation to that particular risk factor (see Hardin Affidavit lines 4 et. seq.). 3.) Continue adding estimated or experimentally determined values for each of the risk factors until a table is constructed from which a mean is derived, which then allows one to compare the mean to the risk factor in question thereby resulting in a weighted (relative) risk factor.

The idea of assigning values to investigated criteria and creating a table are not new concepts, since persons routinely apply numbers to written concepts to evaluate them. This technique is used in all aspects of both physical as well as social sciences. Individual behaviors, answers to essay questions, effects of treatments are just a few of the literally hundreds of thousands of situations where numbers are used to quantify and evaluate ideas, results, concepts and assessments. This capability in late 1995 was inherent in any person operating a computer with an EXCEL spreadsheet.

**Conclusion:**

The Examiner's rejection under 35 USC § 101 and 35 USC § 112 paragraph one, have been completely refuted. With respect to the § 101 rejection, it is rejection which has been considered by this Board on essentially identical claims and decided against the Examiner. The Applicant/Appellant has given every benefit of the doubt to the Examiner and has attempted to unearth an argument against patentability which was not fully considered in the previous appeal. There is none. The Examiner is searching for a definition for "concrete" which goes beyond the test for patentable subject matter as first espoused in the State Street Bank case and then affirmed in AT&T v. Excel Communications, Inc. There simply are none and now the Applicant/Appellant respectfully requests the Board to reaffirm its earlier decision under §101 with respect to claims 1-18.

Similarly, with respect to the Examiner's rejection under 35 USC § 112, paragraph one Applicant/Appellant has explained in great detail precisely where and how the steps of the claims are enabled. The claims have been presented as required with specific direction to the page and lines in the Specification which support the claim language. The Applicant has addressed each and every one of the Examiner's contentions pointing out how the Examiner feels enablement is lacking and has refuted them all. The Affidavit of Mr. Steven Hardin, has been introduced and accepted by the Examiner which Affidavit explains that one skilled in the art at the time of the invention would have understood how to make the compilations talked about by both the Examiner and this Board in discussing what the invention does. There are no missing links or loopholes. The invention is clearly diagramed in Figure 1 of the Specification and each and every step fully and completely explained and supported in the Specification. Since the issue is enablement Applicant Appellant contends he has easily met the standard required by law and respectfully requests the Board to reverse the Examiner on his § 112 rejection with respect to claims 1-18.

August 30, 2007

Respectfully submitted,



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## **VIII. Claims Appendix**

1. (Rejected) A process for evaluating the strength of a specific intellectual property for purposes of commercializing it comprising the steps of:
  - a. interacting with a computer;
  - b. entering data from one or more sources including from a complete set of pre-selected tasks and from a questionnaire; into said computer, said computer having been pre-programmed such that said data is organized by one or more predetermined risk factors grouped into categories;
  - c. evaluating the data by comparing each risk factor and each category to a preset standard;
  - d. computing a score by transforming said data into a composite score which represents a relative degree of strength associated with any undertaking to commercialize said intellectual property;
2. (Rejected) The process of Claim 1 wherein entering of the data into the computer is done via telephone from a location other than the location having the computer.
3. (Rejected) The process of Claim 1 wherein the predetermined risk factors are grouped into categories selected from the categorized of subjects comprising: Technical Orientation, Technical Review, Preliminary Assessment , Patent Study, Market Identification, and Analysis, Industry Intelligence, Cost/Benefit Analysis, Marketing/Licensing Assessment and Licensing/Enforcement.



4. (Rejected) The process of Claim 3 wherein transforming said data is achieved by calculating a category score for each category.
5. (Rejected) The process of Claim 4 wherein each category score is weighted and combined with other category scores and used to modify a primary risk indicia to calculate said composite score.
6. (Rejected) The process of Claim 5 wherein the composite score is modified by a moral hazard factor to calculate a probable success factor.
7. (Rejected) The process of Claim 6 wherein the probable success factor is multiplied in a post-computer step by projected recoveries to determine the net recovery from commercializing the intellectual property.
8. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a patent.
9. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a trademark.
10. (Rejected) The process of Claim 7 wherein the intellectual property to be commercialized is a copyright.
11. (Rejected) A process for determining the probable success of a lawsuit comprising the steps of:
  - e. interacting with a pre-programmed computer;
  - f. entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire into said computer, said computer having been pre-programmed such that said data is organized by pre-determined categories;

- g. evaluating the data by comparing each category to a preset standard;
  - h. transforming said data into a composite score which represents a relative degree of strength associated with the lawsuit;
  - i. using the composite score to determine a probable success factor for undertaking the lawsuit.
12. (Rejected) The process of Claim 11 wherein the lawsuit is one involving intellectual property.
13. (Rejected) The process of Claim 12 wherein the composite score is based upon an evaluation of one or more risk factors specific to the intellectual property upon which a suit is being brought.
14. (Rejected) The process of Claim 12 wherein the composite score is a category score resulting from categorizing various risk factors into categories and determining a category score.
15. (Rejected) The process of Claim 14 wherein the category score is used to modify a primary risk indicia in determining a composite score.
16. (Rejected) The process of Claim 15 wherein an adjustment for moral hazard is made to the composite score resulting in a probable success factor.
17. (Rejected) The process of Claim 16 wherein the probable success factor is applied in a post-computer step to a projected recovery to determine the net recovery.
18. (Rejected) The process of Claim 14 wherein the determination of the category score is accomplished using at least one relative risk factor.
19. (Cancelled)

**IX. Evidence Appendix**

See Attached RULE 132 AFFIDAVIT:


Entered into evidence by Office Action from the Examiner mailed  
1/18/2006.

**RULE 132 AFFIDAVIT:**

I, Mr. Steve Hardin of 2821 S. Hourstbourne Parkway, Suite 1, Louisville, Kentucky 40220, am experienced in collecting data and computer technology. I have previously structured questionnaires which collected data to be used in various analyses. My technique has been to assign a range of values for each answer in a questionnaire. The act of assigning from a range of values, a specific value to a specific answer in the questionnaire is rational. Next a table of values is created for each question reciting the number given from the range to each specific answer of each specific question in the questionnaire. The average is computed for each question in the questionnaire and a mean is calculated. Relative weights are known to be assigned to the number value of each answer to each question in the questionnaire. Once the weights have been calculated the answers to each questionnaire represent a composite value which can be compared to the norm for purposes of determining specific results in a numeric fashion. These types of investigations and analysis were common place in late 1995, generally through pre-programmed computers using for example an Excel Spreadsheet. Such analyses do not require undue experimentation for their performance nor did they in late 1995.

Moreover, I am aware that willful false statements are punishable under various state and federal laws including 18 USC § 1008.

Further, Affiant sayeth not.

  
Steve Hardin  
Cambridge Business Solutions, Inc.

4/4/05  
Date

**X. Related Proceedings Appendix**

See Attached:

Decision on Appeal Before The Board of Patent Appeals and Interferences

Appeal No. 2001-0957

Application No. 08/581,992

RECEIVED  
OCT 15 2002

The opinion in support of the decision being entered today was not written for publication in a law journal and is not binding precedent of the Board.



Paper No. 20

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Ex parte FRANK J. PELLEGRINO and ROBERT W. FLETCHER

Appeal No. 2001-0957  
Application No. 08/581,992

**MAILED**

OCT 10 2002

ON BRIEF

PAT. & T.M. OFFICE  
BOARD OF PATENT APPEALS  
AND INTERFERENCES

Before THOMAS, KRASS and BLANKENSHIP, Administrative Patent Judges.

KRASS, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the final rejection of claims 1-19, all of the pending claims.

The invention is directed to a computer-implemented method for determining risk associated with licensing or enforcing intellectual property, including the determination of a probability of success factor for undertaking a lawsuit of enforcement.

Appeal No. 2001-0957  
Application No. 08/581,992

Representative independent claim 1 is reproduced as follows:

1. A process for evaluating the strength of a specific intellectual property for purposes of commercializing it comprising the steps of:

- a) interacting with a computer;
- b) entering data from one or more sources including from a completed set of pre-selected tasks and from a questionnaire completed by the owner of the intellectual property, into said computer, said computer having been pre-programmed such that said data is organized by one or more predetermined risk factors grouped into categories;
- c) evaluating the data by comparing each risk factor and each category to a preset standard;
- d) computing a score by transforming said data into a composite score which represents a relative degree of strength associated with any undertaking to commercialize said intellectual property.

No references are relied on.

Claims 1-19 stand rejected under 35 U.S.C. 101 as being directed to nonstatutory subject matter in that they are directed to an "abstract idea."

Reference is made to the brief and answer for the respective positions of appellants and the examiner.

#### OPINION

The examiner contends that the instant claims are directed to an abstract idea and do not provide a practical application in

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the technological arts because there is no manipulation of data nor is there any transformation of data from one state to another being performed by determining the risk associated with licensing or enforcing intellectual property.

We disagree.

In State Street Bank & Trust Co. v. Signature Financial Group Inc., 149 F.3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998), the court indicated that the focus of a statutory subject analysis should be "on the essential characteristics of the subject matter, in particular, its practical utility." State Street, 149 F.3d at 1375, 47 USPQ2d at 1602. Note also the reinforcement of these principles in AT&T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999).

When we focus on the instant claimed subject matter, we find that the claims are directed to a very practical business application of determining whether a specific intellectual property has enough potential to attempt commercialization or an enforcement lawsuit. The method of the instant claims is a computer-implemented method wherein a programmable computer is used to organize categories, evaluate data and transform the data into a score representative of a relative degree of strength associated with a lawsuit or commercialization; then using that



/ score to determine probability of success in undertaking the  
✓ lawsuit or commercialization.

3 Certainly, the business nature of the claims is of no moment  
4 in determining statutory subject matter since State Street put to  
5 rest any notion that methods relating to business practices were,  
6 somehow, different from other processes and nonstatutory by their  
7 very nature.

8 Since the instant claims employ a programmed computer to  
9 calculate a "score" for determining a relative degree of strength  
10 associated with undertaking to commercialize intellectual  
11 property or for determining a probable success factor for  
12 undertaking a lawsuit, we cannot say that any mathematical  
13 algorithm described by the instant claims is merely an abstract  
14 idea constituting disembodied concepts or truths that are not  
15 useful. The calculation of a score for determining probability  
16 of success in a lawsuit or for determining the relative strength  
17 of undertaking commercialization of an intellectual property is  
18 clearly a tangible, useful and practical result which is attained  
19 by the instant claimed invention.

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Accordingly, the examiner's decision rejecting claims 1-19 under 35 U.S.C. 101 is reversed.

REVERSED

JAMES D. THOMAS  
Administrative Patent Judge

ERROL A. KRASS  
Administrative Patent Judge

BOARD OF PATENT  
APPEALS AND  
INTERFERENCES

HOWARD B. BLANKENSHIP  
Administrative Patent Judge

EK/RWK

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Application No. 08/581,992

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